

CITY OF GOLOVIN BULK FUEL FACILITY



MONITORING PLAN AND RECOMMENDATIONS

Prepared for:
ALASKA ENERGY AUTHORITY (AEA)

AUGUST 5, 2005

Prepared by:

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OVERVIEW

This Monitoring Plan and Recommendations was completed under contract to the Alaska Energy Authority as a follow-up to a Bulk Fuel Upgrade project in Golovin, Alaska that constructed a new bulk fuel storage facility with nine fuel storage/dispensing tanks, one marine header, and pipelines to school, power plant and retail dispenser. A component of the upgrade project was the development of a Business Operating Plan, which provided a guideline for the City of Golovin's maintenance, operation and sustainability of the Bulk Fuel Upgrade (the "Facility"). The City of Golovin (the "Primary Operator") is responsible to operate and sustain the newly installed Facility according to the criteria and guidelines outlined in the Business Operating Plan.

Facility Participants

The Facility participants are:

City of Golovin

Primary Contact Name: Agnes Moses, *Mayor*

Phone: (907) 779-3211 Fax: (907) 779-2239

Address: P.O. Box 62059, Golovin, AK 99762

Usage: The City is utilizing its facility assets to operate its utilities and to retail fuel.

Bering Strait School District

Primary Contact Name: *Bob Dickens, Director-Facilities*

Phone: (907) 624-3611 x 4249 Fax: (907) 624-3099

Additional Contact Name: *John Davis, Superintendent*

Phone: (907) 542-3611 x 4240

Address: BSSD District Office, P.O. Box 225, Unalakleet, AK 99684

Usage: The BSSD is utilizing its facility assets to operate its physical plant.

Facility Components & Capacity

The following table provides a summary of the tankage, by type of fuel in the Facility upgrade:

Facility Components & Capacities

Primary Storage/Dispensing	Number	Gallons Per Tank (Gross)	Total Gallons (Gross)	Gallons Per Tank (Net)	Total Gallons (Net)
City					
Diesel					
Dispensing	1*	1,500	1,500	1,275	1,275
Primary Storage	5	23,700	118,500	21,330	106,650
Subtotal Diesel	6		120,000		107,925
Gasoline					
Dispensing	1*	1,500	1,500	1,275	1,275
Primary Storage	1	23,700	23,700	21,330	21,330
Subtotal Gasoline	1		25,200		22,605
Total City	7				130,530
Bering Strait School District					
Diesel					
Primary Storage	2	23,700	47,400	21,330	42,660
Total BSSD	2		47,400		42,660
Total Primary Storage/Dispensing	9		192,600		173,190
Pipeline Components					
Marine Header	1				
Filler Pipelines	2				
Pipeline to School	1				
Pipeline to Power Plant	1				
Dual-Fuel Retail Dispenser	1				

Each participant's storage capacity is in excess of its present usage. The Denali Commission guidelines dictate that extra capacity is provided to account for 10 years of growth in fuel requirements.

Community Information

The village of Golovin is located on the Seward Peninsula, 70 miles east of Nome. Transportation to the village is by air or sea. Currently, Golovin has a 4,000-foot gravel airstrip that is owned and maintained by the State of Alaska, Department of Transportation and Public Facilities.

Currently, water is pumped from Chinik Creek, where it is treated and stored in one large tank. A new 1.2-million gallon water tank and water and sewer treatment facility has been built and a new washeteria is in the final stages of construction. During the summer of 2005, all occupied community homes and businesses will be connected to the City water and sewer systems. A new electric power facility has been built and a new health clinic has been built.

The population of Golovin, predominantly Eskimo, has varied greatly over the past 50 years. The economy of the community is primarily focused on subsistence activities.

Selected demographic and historical data for the community is provided below:

Selected Statistics – Golovin

Population	
2000	144
1990	127
1980	87
1970	117
1960	59
1950	94
Housing (2000 Data)	
Occupied Housing	45
Vacant Housing Due to Seasonal Use	5
Other Vacant Housing	4
Economic Data (2000 Data)	
Unemployment Rate	3.5%
Median Household Income	\$31,875

City of Golovin

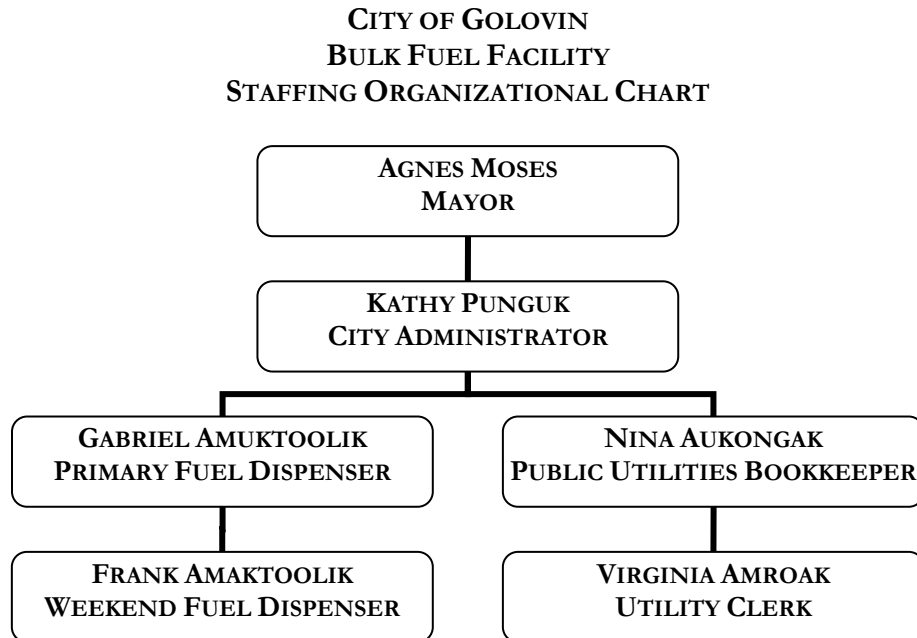
The City of Golovin has successfully administered and operated a number of community programs and services. The following table lists the City's current programs:

CURRENT PROGRAMS	
<i>Community Programs</i>	Community Health Clinic Village Public Safety Officer Volunteer Fire Department
<i>Community Services</i>	Water Utility & Washeteria Sewer Utility Landfill Electric Utility Bulk Fuel and Retail Sales

The City purchases fuel for the community power plant, heating fuel and motor vehicles. Residents and businesses pay \$3.60 per gallon/diesel for heating fuel and \$3.85 per gallon for gasoline. Residents and businesses purchase fuel directly from the City's dispensing tanks or hire a private business operator to deliver diesel fuel to their home or business. The City orders fuel twice a year, spring and fall, and competitive bids are solicited from fuel suppliers. However, Golovin Power Utility (electric utility) pays for the power plant's fuel directly to the fuel supplier.

Since the Business Operating Plan, dated February 8, 2003, was finalized a new City Mayor, Agnes Moses, was elected to office. Additionally, most of the bulk fuel facility staff positions have changed since the Plan was finalized.

The following chart illustrates the updated staff relationships of the City of Golovin's bulk fuel facility:



Monitoring Site Visit

The Alaska Energy Authority contracted with Aurora Consulting, of Anchorage Alaska, to conduct a site visit to the City of Golovin's Facility and to develop a "*Monitoring Plan and Recommendations*" report. The scope of the assignment included working with the City to obtain information on existing management and operational systems, comparing those systems to Business Operating Plan requirements and other "best practices", making recommendations for changes and/or training, developing ongoing monitoring tools, and/or working to cure any deficiencies or defaults experienced by the City.

Aurora Consulting staff member, Nancy Anderson, traveled to Golovin on June 22, 2005 to meet with City's bulk fuel facility management and staff, including:

Contacts	Title
Agnes Moses	City Mayor
Bernice Brown	City Council Member
Julia Randol	City Council Member
Norma Lewis	City Council Member
Betsy Bekoalok	City Council Member & Tribal Coordinator
Kathy Punguk	City Administrator
Virginia Amroak	Utility Clerk
Justine Fagerstrom	Power Plant Operator
Gabriel Amaktoolik	Fuel Operator

Monitoring Plan and Recommendations

The following Monitoring Plan and Recommendations is organized into three sections:

- Management and Operational Skills
- Business Operating Plan Compliance
- Recommendations

Management and operational skills identify those skills and practices that are crucial to the short-term viability of a bulk fuel facility, while Business Operating Plan compliance areas identify those activities that are required by the Denali Commission approved Business Operating Plan.

Management skills include administration, fiscal systems and collections. Operational skills include the ability to perform maintenance, repair and operation of the bulk fuel facility. Both skill sets require knowledgeable and trained managers, bookkeepers and facility operators to manage and operate the Facility on a daily basis. In contrast, the business operating compliance section details the key activities and actions are required to be completed by the Primary Operator in order to be in compliance with the terms and conditions of their Business Operating Plan.

Additionally, this report includes major recommendations for continued actions and training, which are detailed in the conclusion section of this report. These recommendations are limited to those actions necessary to meet the deficient management and operational skills or Business Operating Plan compliance areas.

BULK FUEL FACILITY MANAGEMENT/OPERATIONAL SKILLS

Financial Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	<i>Financial Management Skill Areas</i>
<i>Annual Budget</i>					
x					Develop and utilize budgeting process
x					Staff understanding of budget
<i>Bookkeeping</i>					
x					Develop and track facility costs using a Chart of Accounts
x					Understands and tracks operation & management (O&M) costs
x					Understands and tracks renewal & replacement (R&R) costs
<i>Collection Policy</i>					
				x	Policy in place
				x	Policy implemented
				x	Collections at appropriate level
<i>Business Operating Plan</i>					
	x				Policy board has general understanding of Plan and requirements
	x				Management has general understanding of Plan and requirements
	x				Staff has general understanding of Plan and requirements
	x				Management understands financial assumptions and tables
	x				Staff understands financial assumptions and tables
	x				Management capable of annual Plan update
	x				Staff capable of annual Plan update

Comments:

Annual Budget

The City has not developed an annual budget for the bulk fuel facility as required in the Business Operating Plan. However, the Public Utilities Bookkeeper develops annual budgets for the City's electric utility, water utility and sewer utility. The City Administrator indicated during the onsite monitoring visit that the utility bookkeeper would develop a bulk fuel facility budget for the City Council.

Bookkeeping

The City has not developed a Chart of Accounts for tracking O&M and R&R costs for the bulk fuel facility as required in the Business Operating Plan. However, the Public Utilities Bookkeeper has developed Chart of Accounts and tracks costs for the City's electric utility, water utility and sewer utility. The City Administrator indicated during the onsite monitoring visit that the utility bookkeeper would develop a Chart of Accounts and track costs for the bulk fuel facility.

Collections Policy

The City retails fuel to residents and businesses in the community for heating fuel and operating motor vehicles. The City's bulk fuel is used to operate the electric utility, water utility and sewer utility, and heat the health clinic and City offices. Per the Utility Clerk, each of the City businesses and renters of the City buildings are charged for fuel used. Residential customers pay cash for purchasing fuel from the City. The Utility Clerk reports that the City's residential collection rate is 100 percent for fuel sales with the exception of an occasional NSF check.

Business Operating Plan

The City Council and management have not implemented the management and bookkeeping responsibilities of the Business Operating Plan.

The City Mayor and Council Members, who participated at the meeting during the onsite monitoring visit, were introduced to the Business Operating Plan's responsibilities as the Primary Operator of the bulk fuel facility. The City Council has not hired or re-assigned staff to the position of Bulk Fuel Facility Manager. Therefore, the City does not appear to have someone who understands the Business Operating Plan and the City's responsibilities as Primary Operator.

Personnel Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	Personnel Management Skill Areas
<i>Job Descriptions</i>					
x					Job descriptions current for all positions
	x				Staff aware of/understand job descriptions
<i>Staffing</i>					
	x				Staffing adequate to operate & maintain the facility
<i>Training</i>					
	x				Staff has adequate training for job requirements
x					Ongoing training in place

Comments:

Job Descriptions

Job descriptions are not current for the City's staff positions and will need to be updated to include the Primary Operator's roles and responsibilities as described in the Business Operating Plan.

Staffing

The City Council has not hired a Bulk Fuel Facility Operator who would be responsible for the operations and maintenance of the facility. The City Mayor and Council Members, who participated in the onsite monitoring visit, stated the position had not been filled but was considering expanding the job responsibilities of the existing power and retail fuel operator positions. Otherwise, it appears that the administrative staffing level of the bulk fuel facility is adequate to financially manage the facility.

Training

The Public Utilities Bookkeeper would probably benefit from participating in the Bulk Fuel Bookkeepers training offered by the Alaska Energy Authority. The Public Utilities Bookkeeper and Utility Clerk would probably benefit from onsite technical assistance on the financial management of the Plan.

When the City Council hires a Bulk Fuel Facility Operator, the employee will need to be trained in the operations, maintenance and safety of the bulk fuel facility.

When the City Council hires a Bulk Fuel Facility Manager, the manager would benefit from participating in the Bulk Fuel Managers training offered by the Alaska Energy Authority.

The City Council could be more responsive to training opportunities and provide opportunities for the bulk fuel facility manager and staff to attend training.

Operations Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	Operations Management Skill Areas
<i>General Operations</i>					
x					Management/staff have general understanding of operation needs
x					System to schedule tasks for routine maintenance
x					System to schedule tasks for non-routine maintenance
<i>Inventory Control</i>					
x					Inventory control system in place
x					Knows what parts to keep in inventory for routine maintenance
<i>Emergency/ Spill Response</i>					
x					Staff can explain/locate oil spill response plan
x					Written safety policy

Comments:

General Operations

The City Council has not hired a Bulk Fuel Facility Operator who would be responsible for the operations and maintenance of the facility. The Primary Fuel Dispenser and Power Plant Operator have been providing routine (O&M) maintenance functions on the bulk fuel facility; however, no system is in place for scheduling routine maintenance. The operation and maintenance checklist that is located in the bulk fuel facility's EPA Facility Response Plan is a possible tool to develop a system for scheduling routine maintenance.

There are not yet established systems to schedule non-routine (R&R) repair functions. The R&R schedule in the Business Operating Plan is a possible tool to develop a system for scheduling non-routine repair functions.

Inventory Control

Currently, minimal supplies are kept specifically for the bulk fuel facility. The notebook containing the U.S. Coast Guard Operations Manual has a list of spill response equipment that should be maintained in inventory by the City. A Bulk Fuel Facility Operator would be responsible for maintaining specific inventory of facility components and safety supplies.

Emergency/ Spill Response

The City has received its copies of the U.S. Coast Guard Operations Manual, U.S. EPA Spill Prevention Control and Countermeasure Plan (SPCC) and the EPA Facility Response Plan prepared by AEA. A Bulk Fuel Facility Operator would be responsible for becoming familiar with the manual and plans and using some the forms in the plans for emergency and spill response drills/procedures.

BUSINESS OPERATING PLAN COMPLIANCE

Financial Management

Yes	No	NA	<i>Financial Management Compliance Areas</i>
<i>O&M Account</i>			
	x		Accounting established
	x		Regular deposits into account
x			Systems in place for \$5,000 authorizations
<i>R&R Account</i>			
	x		Accounting established
	x		Regular deposits into account
	x		Interest-bearing savings account
	x		Resolutions required
	x		2 signatures required
		x	Escrow account established
		x	Resolutions required
		x	2 signatures required
<i>Budgets</i>			
	x		O&M budget
			Prior to fiscal year
	x		R&R budget
			Prior to fiscal year
<i>Business Plan Updates</i>			
	x		Review assumptions
	x		Update tables
<i>Audits</i>			
	x		Annual audit conducted by qualified, independent auditor
	x		Copy to Denali Commission
<i>Annual Report</i>			
	x		Submitted to Denali Commission timely
	x		Summary of O&M and R&R Projects
			Expenditures and account balances
	x		Upcoming O&M and R&R budgets
	x		Updated business plan financial tables
	x		Other information
<i>Insurance</i>			
x			General liability insurance in place
		x	Other insurance in place

Comments:

O&M Account

The City has not established a Chart of Accounts for the bulk fuel facility that would track O&M revenues and costs, including the City and school district's payment for shared/common O&M costs. The City Council approves any expenditure over \$500; therefore, the City has exceeded the Business Operating Plan's management criteria for O&M expenditures over \$5,000 requiring City Council's approval.

R&R Account

The City has not established an interest-bearing savings account for the bulk fuel facility's R&R funds. No R&R funds have been collected from the City and school district for the first and second year deposit into a R&R account.

Budgets

The City has not developed an annual budget for the bulk fuel facility as required in the Business Operating Plan. However, the Public Utilities Bookkeeper develops annual budgets for the City's electric utility, water utility and sewer utility. The City Administrator indicated during the onsite monitoring visit that the utilities bookkeeper would develop a bulk fuel facility budget for the City Council.

Business Plan Updates

The Utility Clerk is aware that the City is required to update the financial tables in the Business Operating Plan annually. The Utility Clerk has had limited training on how to update the financial tables in the Plan and did not have an opportunity to work on the financial tables during the onsite monitoring visit. The Public Utilities Bookkeeper was not present during the onsite monitoring and has not participated in any Business Operating Plan training.

Audit

The City's most recent audit by an independent auditor was for fiscal year 2003. The City has operated the bulk fuel facility for almost two years; therefore, the City should have had the bulk fuel facility's financial records audited in fiscal year 2004. The City operates on a fiscal year - July through June. The City should plan to schedule an audit for fiscal year 2005 in July/August 2005.

Annual Report

The City has operated the bulk fuel facility for almost two years; therefore, the City should have had the bulk fuel facility's annual report for fiscal year 2004 sent to the Denali Commission. The City operates on a fiscal year - July through June. The City should plan to submit an annual report to the Denali Commission for fiscal year 2005 in July/August 2005.

Insurance

Currently, the City participates in the AML/JIA insurance program which usually includes general liability, workers compensation and some property/inventory coverage for City owned buildings and property. The City Administrator needs to verify that the facility has been added to the AML/AJI insurance policy for general liability coverage.

Personnel Management

Yes	No	NA	<i>Personnel Management Compliance Areas</i>
<i>Facility Manager</i>			
	x		Manager designated
	x		Changes reported to Denali Commission
<i>Staffing Adequate</i>			
	x		Staffing adequate
<i>Training Plan</i>			
	x		Training plan in place

Comments:

Facility Manager

The City Council has not hired a manager to be responsible for the overall management responsibilities of the bulk fuel facility. The City is responsible for notifying the Denali Commission when a manager for the bulk fuel facility is hired.

Staffing Adequate

The current level of financial management staffing appears to be sufficient. However, the City Council has not hired a Bulk Fuel Facility Operator for the operations management of the bulk fuel facility; as a result, the operations management of the facility is insufficient.

Training Plan

The Bulk Fuel Facility Manager, upon hire, would probably benefit from participating in the Bulk Fuel Facility Managers training offered by the Alaska Energy Authority. The Bulk Fuel Facility Operator, upon hire, will need to have adequate training on the operations, maintenance and safety requirements of the facility. The Public Utilities Bookkeeper would probably benefit from participating in the Bulk Fuel Bookkeepers training offered by the Alaska Energy Authority.

Operations Management

Yes	No	NA	Operations Management Compliance Areas
<i>Facility Components in Good Working Order</i>			
x			Facility components in good working order
<i>SPCC</i>			
x			SPCC on-hand
x			SPCC current
<i>Facility Response Plan</i>			
x			Plan on-hand
x			Plan current
<i>Coast Guard Operations Manual</i>			
x			Manual on-hand
x			Manual current

Comments:

Facility Components in Good Working Order

The Power Plant Operator provided a visual tour of the bulk fuel facility, retail fuel dispenser, marine header, water and sewer utility's intermediate tank and the school district's intermediate tank. The bulk fuel facility and offsite structures appear to be in good repair and well-maintained, with a few exceptions at the school district's bulk fuel facility. The school district's bulk fuel facility was not locked or secured from anyone entering the facility and possibly having an accident or vandalizing the facility. And, the school district's bulk fuel facility had standing water inside the dike area.

The Primary Fuel Operator reported that the City's retail dispenser's handles freeze during the winter. The Primary Fuel Dispenser reported that he puts the handles in hot water to thaw before he can pump fuel.

The City Council has not hired a Bulk Fuel Facility Operator at the time of the onsite monitoring visit. Therefore, there are not yet established systems to schedule routine (O&M) maintenance functions. Additionally, there are not yet established systems to schedule non-routine (R&R) repair functions.

SPCC/Facility Response Plan/Coast Guard Operations Manual

The City has received its copies of the U.S. Coast Guard Operations Manual, U.S. EPA Spill Prevention Control and Countermeasure Plan (SPCC) and the EPA Facility Response Plan prepared by AEA. The manual and plans are current and up-to-date. The City Council will need to ensure that the new Bulk Fuel Facility Operator has the training and understands their responsibility to keep the plans current as indicated in the timeframes in the plans.

RECOMMENDATIONS

The following outlines the systems and procedures that should be addressed by the City, areas that technical assistance/training may be warranted, and operational areas requiring follow-up:

Systems and Procedures	ASAP	Within year	Long Term
Develop a Chart of Accounts for the bulk fuel facility	x		
Collect O&M payments from all participants for first year	x		
Collect R&R funds from all participants for first year	x		
Establish an interest-bearing R&R fund account	x		
Develop a bulk fuel facility budget for fiscal year 2006	x		
Develop procedures for completing & submitting annual report	x		
Verify General Liability insurance or self-insure the facility	x		
Hire or re-assign staff as Bulk Fuel Facility Manager	x		
Hire or re-assign staff as Bulk Fuel Facility Operator	x		
Develop a written staff training plan		x	
Technical Assistance			
Update business operating plan and financial table assumptions	x		
Prepare and submit Denali Commission annual report	x		
Training			
Schedule/arrange training on the Business Operating Plan for management and staff	x		
Schedule/arrange training for the Bulk Fuel Facility Operator	x		
Operations			
Develop system to schedule tasks for routine (O&M) maintenance		x	
Develop system to schedule tasks for non-routine (R&R) repair			x
Develop a spill response and O&M parts inventory list		x	

TRIP PHOTOS



School Dike Area with Standing Water.JPG



School Dike Area.JPG



School Dike Drain.JPG



School Intermediate Tank (1).JPG



School Intermediate Tank (2).JPG



School Pipeline and Valves in Facility.JPG



School Storage in Facility.JPG



Second Set of Stairs and Gate (1).JPG



Second Set of Stairs and Gate (2).JPG



Shared Electric Meter.JPG



Valves in Facility.JPG



Water Side Dike Wall.JPG



Water Side View of Facility (1).JPG



Water Side View of Facility (2).JPG



Marine Header.JPG



Outside Dike Wall.JPG



Pipeline from Facility to Dispenser.JPG



Pipelines and Valves in Facility.JPG



Pipelines and Valves to Dual Fuel Tanks.JPG



Power Plant Intermediate Tank.JPG



Retail Fuel Dispensee.JPG



Road Side View of Facility & Dispenser.JPG



Road Side View of Facility.JPG



Rust on Base of Retail Dispenser.JPG



School Control Panel.JPG



City Storage in Facility.JPG



City Tanks (1).JPG



City Tanks (2).JPG



Control Panel in Facility.JPG



Customer Buying Fuel (1).JPG



Customer Buying Fuel (2).JPG



Cut Barb Wire Next to City Gate.JPG



Dual Fuel Tanks and Pipeline.JPG



First Set of Stairs and Gate.JPG



City Diesel Tank.JPG



City Dike and Sump
Pump.JPG



City Gasoline Tank.JPG



City Pipelines in Facility.JPG



City Storage and Control
Panel in Facility.JPG